

agrees with those parties who have observed that the "DSL equipment is readily available to ILECs and competitors alike."³² Moreover, unlike other network elements, ILECs have no legacy advantage with respect to the installation and use of advanced services electronics; they must acquire and install such equipment on the same time frame as their competitors. Competitive LECs will depend on collocation and unbundled loops to deploy advanced services; as long as ILECs are complying with those rules, competitive LECs can deploy electronics as quickly and efficiently as ILECs. Moreover, the quality of service a competitive LEC can offer, absent access to the advanced services electronics, will not decline if the ILEC's electronics are not offered on an unbundled basis nor will the cost of providing the service rise. Furthermore, eliminating unnecessary unbundling obligations could encourage ILECs to deploy advanced services. Accordingly, the Coalition urges the Commission to conclude, pursuant to Section 251(d)(2)(B), that once an ILEC demonstrates that it has satisfied the Commission's requirements with respect to collocation, loops and unbundling, it is no longer required to provide the end office electronics used to provide the advanced services on an unbundled basis.

The freedom from any unbundling requirement proposed above should only be available for advanced services electronics and not any other network elements. In

³² Letter from Kathy D. Smith, NTIA, to Magalie Roman Salas, FCC, dated July 17, 1998 (citing Remarks of Commissioner Susan Ness before the Computer and Communications Industry Association's 1998 Washington Caucus at 7 (June 9, 1998)).

addition, the freedom from the unbundling requirement does not mean the ILEC should be free of its resale obligation with respect to advanced services.³³

In addition, the Coalition urges the Commission to develop rules that will enable potential competitors to enter the advanced services market through the "Data Competitive Access Provider" ("DCAP") model. The DCAP model would enable ISPs subscribing to the ILECs' advanced services to choose among competing providers of data transmission transport services between the ILEC's end office and the ISP. The Commission can enable DCAP competition by establishing separate network elements for the loop, end office, and interoffice transport functions required to provide advanced services. Under the DCAP model, ILECs would be required to aggregate traffic from, e.g., DSL-equipped loops and hand it off to the DCAP at the central office. If an ILEC chooses to offer its advanced services on an integrated basis, Section 251 would enable the DCAP to interconnect at the end office and obtain the loop and end office elements it needs. If an ILEC chooses to offer its advanced services through a separate affiliate, the DCAP should be able to obtain the same loop and end office elements that the ILEC provides to its affiliate. The ILEC could charge a cost-based interconnection rate based on its costs for stripping off any voice traffic on the loop, packetizing and multiplexing the data traffic onto the DCAP's trunks, and physically

³³ 47 U.S.C. § 251(c)(4)(A). Consistent with the statutory language, the ILECs' resale obligation depends upon whether the service is provided at retail to end-users. The Commission concluded that it expects that advanced services will be offered primarily to "ordinary residential or business users or to Internet Service Providers" rather than telecommunications carriers. Accordingly, advanced services, would fall within the category of retail services subject to the resale obligation. See *Advanced Services NPRM* at paras. 188-189. The Coalition observes, however, that an ILEC that chooses to sell advanced services only or primarily to other carriers would not be subject to the resale obligation.

interconnecting with the DCAP. The ILEC's charges should be the same as those it collects from its information services affiliate.

D. LATA Boundary Modifications

The Commission should establish a fast-track process for evaluating ILEC requests to waive existing LATA boundaries in rural areas or to adjust them to reflect the technology, capacity, and scale economies of certain facilities used for advanced services. The existing LATA boundaries were established to accommodate the facilities that distribute circuit-switched voice traffic. The boundaries may therefore be incompatible with efficient deployment of the high capacity ATM switches used for backbone packet networks or the facilities needed to establish Network Access Points outside metropolitan areas. Without adjustment or waiver, the current LATA boundaries could require, for example, the installation of multiple ATM switches to provide backbone service to rural areas or to educational facilities where traffic levels are too low to make economically efficient use of high-capacity facilities. In order to ensure the rapid, efficient deployment of advanced services to such areas, the Commission should establish a process for quickly reviewing and resolving requests to waive or modify LATA boundaries on a case-by-case basis.³⁴

³⁴ Advanced Services NPRM at paras. 190-196. See, e.g., *Petitions for Limited Modification of LATA Boundaries to Provide Expanded Local Calling Service*, Memorandum Opinion and Order, CC Docket No. 96-159, 12 FCC Rcd 10646 (1997); *Southwestern Bell Telephone Company Petition for Limited Modification of LATA Boundaries to Provide Integrated Services Digital Network (ISDN) at Hearne, Texas*, Memorandum Opinion and Order, NSD-LM-97-26, (rel. May 18, 1998).

V. REGULATORY RELIEF AS A DEPLOYMENT INCENTIVE

The Commission should generally defer to marketplace forces to set the pace and sequence of geographic locations at which advanced services are deployed. The current state of competition in local exchange markets may introduce some disincentives to ILEC deployment, however. For example, xDSL services may be substitutable for services currently provided exclusively by an ILEC. If the introduction of an advanced service would reduce demand for an existing service, an ILEC may have a powerful disincentive to deploy advanced services as quickly as would be the case in a fully competitive market that is driven by consumer demand.

To counteract any disincentives ILECs may have to deploy advanced services, the Commission should consider the adoption of competitive deployment milestones that would be the basis for extending appropriate regulatory relief to ILECs when the milestone has been achieved. For an ILEC that is complying with the Commission's proposed collocation, loop provisioning, and loop unbundling requirements, when significant competitive deployment occurs, the Commission could, for example, exercise its forbearance authority and permit price deregulation of that ILEC's advanced services. For the advanced services separate affiliate, the Commission could permit the affiliate to reintegrate with the ILEC and maintain price deregulation and freedom from certain unbundling requirements for their advanced services.

The competitive deployment milestone should be set so as to require that a substantial percentage of households has the option of securing advanced services within a reasonable time from multiple providers. At that point, the Commission can rely on competitive market forces to regulate the advanced services prices charged by an

ILEC, whether the ILEC chooses to offer its advanced services on an integrated basis or through a separate affiliate.

The Commission should establish as precise a milestone as possible. An incentive approach can only be effective if the trigger for regulatory relief is objective and the regulatory relief available once the milestone is reached is explicit. Therefore, the Commission's milestone must consist of specific and certain conditions that would encourage ILECs to deploy advanced services and to comply with the collocation, loop provisioning, and loop unbundling requirements that will enable new entrants to deploy such services competitively.

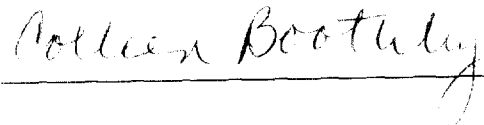
CONCLUSION

With the modifications described above, the Commission's proposals should promote the rapid and efficient deployment of advanced services and preserve consumer choice among competing providers of advanced telecommunications services and information services.

Respectfully submitted,

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Certificate of Service

I, Suzanne M. Takata, hereby certify that true and correct copies of the preceding Comments of the Internet Access Coalition in CC Docket Number 98-147 were served this 25th day of September, 1998 via hand delivery to the following parties.


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